

DPD-3674-59
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#494

REPLY TO:

Eastern District
Auditor General
Comptroller, USAF
Liaison Office
P. O. Box 8155
S. W. Station
Washington, D. C.

1 June 1959

SUBJECT: Contract Audit Closing Statement
Contract PF-400
Granger Associates
Palo Alto, California

To : Contracting Officer

REFERENCE: DPD-2598-59, dated 17 April 1959

1. Contract Data: Granger Associates, Palo Alto, California, was awarded definitive cost-plus-fixed-fee Contract No. PF-400 on 5 August 1958. The contract provided for the allowability of costs on and after 25 June 1959. Work commenced on the contract at that time and was completed in April, 1959.

On 3 December 1958 the contractor received notice of termination dated 25 November 1958, advising the termination of Item #2 in its entirety.

2. Compensation Provisions: Allowable costs in the performance of the contract were determined in accordance with Part 2, Section IV of the Armed Services Procurement Regulations, and other terms of the contract. The contract provided for reimbursement of costs of \$58,636.36, and fixed fee of \$4,363.64, as follows:

	<u>Estimated Cost</u>	<u>Fixed Fee</u>	<u>TOTAL</u>
Original Contract			
Amendment No. 2			
TOTAL			

25X1A10

AMENDMENT NO. 2
NO. 2
CLASS. []

DATE: 25/1/82

Amendment No. 2 provides for negotiation of an equitable adjustment in the fixed fee in the event completion of the two (2) units contemplated by Item #2 is not ordered by the Government. This adjustment has not been negotiated. The estimated costs provided by amendment No. 2 were not reduced by the termination mentioned above, in order to cover the overrun incurred under Item #1.

3. Unclaimed Wages, Unclaimed Deposits, Outstanding Checks, Potential Credits and Refunds: There are no known unclaimed wages or outstanding checks applicable to costs reimbursed under the subject contract. Subject to the comments in paragraph 4, our examination did not disclose any unclaimed deposits, credits or refunds due the contractor in connection with performance under this contract.

4. Government Property: Government property resulting from performance under the contract is summarized below, and listed in detail in the schedules indicated.

a. The end item, accepted by the Government, still in possession of the contractor.

b. One Hewlett - Packard Signal Generator, delivered to the Government.

c. [REDACTED] Repeater Jammer, returned to [REDACTED].25X1A5a1

d. Test equipment (Schedule No. 1) \$ 722.59

e. Residual inventory, Item #1
(Schedule No. 2) \$5,787.34

f. Termination inventory, Item #2
(Schedule No. 3) \$1,947.21

The auditor was informed that the test equipment may be of use on a follow-on contract. The contractor has no desire to retain the residual inventory from item #1, as the material is not needed on other work. However, if the traveling wave tubes can be modified for the follow-on contract, the contractor has indicated acceptance of them at their salvage value. The contractor desires to retain the termination inventory from Item #2 for use on a follow-on contract, and is understood to have offered \$1,500 for it.

5. Costs Approved: Costs in the amount of \$56,821.49 have been audited and approved under the contract. Results of audit are summarized in Exhibit A. The contractor concurs in the auditor's adjustments shown therein

6. Completion Voucher: The contractor is withholding submission of completion voucher pending negotiation of revised fixed fee in accordance with Amendment No. 2.

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